

Financial Report

Terrebonne Parish Fire District No. 9

Houma, Louisiana

December 31, 2001

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Terrebonne Parish Fire District No. 9

December 31, 2001

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Fire District No. 9,
Houma, Louisiana.

We have audited the accompanying general-purpose financial statements of Terrebonne Parish Fire District No. 9 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Terrebonne Parish Fire District No. 9 as of December 31, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2002 on our consideration of Terrebonne Parish Fire District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 20, 2002.

COMBINED BALANCE SHEET -
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS

Terrebonne Parish Fire District No. 9

December 31, 2001

	Governmental Fund Type General	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS				
Assets				
Investments	\$ 246,052	\$ -		\$ 246,052
Receivables - taxes	132,919	-		132,919
Due from other governmental units	179,559	-		179,559
Fixed assets	-	1,270,879		1,270,879
Other Debits				
Amount to be provided for retirement of general long-term obligations	-	-	\$ 100,000	100,000
Total assets and other debits	<u>\$ 558,530</u>	<u>\$ 1,270,879</u>	<u>\$ 100,000</u>	<u>\$ 1,929,409</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities				
Accounts payable and accrued expenditures	\$ 14,702		\$ -	\$ 14,702
Retainage payable	22,500		-	22,500
Capital lease payable	-		100,000	100,000
Due to Terrebonne Parish Consolidated Government	9,296		-	9,296
Deferred revenue	312,478		-	312,478
Total liabilities	<u>358,976</u>		<u>100,000</u>	<u>458,976</u>
Equity and Other Credits				
Investment in general fixed assets	-	\$ 1,270,879		1,270,879
Fund balance - unreserved	199,554	-		199,554
Total equity and other credits	<u>199,554</u>	<u>1,270,879</u>		<u>1,470,433</u>
Total liabilities, equity and other credits	<u>\$ 558,530</u>	<u>\$ 1,270,879</u>	<u>\$ 100,000</u>	<u>\$ 1,929,409</u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
GOVERNMENTAL FUND TYPE - GENERAL FUND

Terrebonne Parish Fire District No. 9

For the year ended December 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes	\$ 248,937	\$ 252,309	\$ 3,372
Intergovernmental:			
State of Louisiana:			
State revenue sharing	8,500	9,239	739
Fire insurance tax	7,000	8,376	1,376
Supplemental pay	3,600	5,040	1,440
Miscellaneous - interest	17,900	17,256	(644)
Total revenues	<u>285,937</u>	<u>292,220</u>	<u>6,283</u>
Expenditures			
Current:			
General Government:			
Ad valorem tax adjustment	2,000	28,349	(26,349)
Ad valorem tax deductions	11,037	11,132	(95)
Total general government	<u>13,037</u>	<u>39,481</u>	<u>(26,444)</u>
Public Safety:			
Personal services	61,880	59,947	1,933
Supplies and materials	56,650	26,874	29,776
Other services and charges	51,500	28,351	23,149
Repairs and maintenance	43,500	21,133	22,367
Capital expenditures	286,733	276,474	10,259
Total public safety	<u>500,263</u>	<u>412,779</u>	<u>87,484</u>
Total expenditures	<u>513,300</u>	<u>452,260</u>	<u>61,040</u>
Deficiency of revenues over expenditures	<u>(227,363)</u>	<u>(160,040)</u>	<u>67,323</u>
Other Financing Source			
Capital lease	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Deficiency of Revenues and Other Source Over Expenditures	<u>(127,363)</u>	<u>(60,040)</u>	<u>67,323</u>
Fund Balance			
Beginning of year	-	-	-
Residual equity transfer in	<u>259,594</u>	<u>259,594</u>	<u>-</u>
End of year	<u>\$ 132,231</u>	<u>\$ 199,554</u>	<u>\$ 67,323</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Fire District No. 9**

December 31, 2001

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Fire District No. 9 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2001.

Prior to January 1, 2001, the District was governed by the Parish Council and was reported as a special revenue fund of the Parish. In 2001 (effective January 1, 2001), the Parish Council, by Parish Ordinances, appointed a five member board of commissioners to serve as the governing authority and ratified all legal actions taken by the governing authority prior to its creation. Accordingly, the District is reported as a component unit of the Parish effective January 1, 2001.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the District:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Account Groups

Account groups are used to establish accounting control and accountability. The District's Account Groups are as follows:

General Fixed Assets Account Group - This account group is used to account for fixed assets not accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for general long-term obligations and certain other liabilities that are not specific liabilities of proprietary or trust funds.

c) Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Accounting (Continued)

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recorded as revenues in the period for which levied, thus the 2001 property taxes which are being levied to finance the 2002 budget will be recognized as revenue in 2002. The 2001 tax levy is recorded as deferred revenue in the District's 2001 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable or available until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term obligations which are recognized when due.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with GAAP.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the fund.

g) Investments

Investments are stated at fair value as established by open market, except for the Louisiana Asset Management Pool (LAMP). LAMP is an external pool which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met.

Investments during the year consisted of Certificates of Deposit, Federal Home Loan Bank Notes, Federal Home Loan Bank Discount Note, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, Federal Home Loan Mortgage Corporation Notes and LAMP.

h) Fixed Assets

Fixed assets used in governmental fund type operations (fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. The Account Group is not a fund. It is concerned only with the measurement of financial position.

It is not involved with the measurement of results of operations. Public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other fixed assets. No depreciation has been provided on fixed assets.

All fixed assets are valued at historical cost.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Obligations

The accounting and reporting treatment applied to the long-term obligations associated with a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Long-term obligations expected to be financed from governmental funds is accounted for in the General Long-Term Obligations Account Group, not in the governmental funds.

The Long-Term Obligations Account Group is not a "fund". It is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

j) Vacation and Sick Leave

Accumulated vacation and sick leave is recorded as an expenditure of the period in which paid in the Governmental Fund.

Full time employees are entitled to eighteen days vacation after one year of service. Each year the employee must take their vacation time before their anniversary date (day they first began working). If not taken by their anniversary date the vacation time is forfeited. The vacation period shall be increased one day for each year of service over ten years, up to a maximum vacation period of thirty days. There is no material accumulated vacation at December 31, 2001.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Vacation and Sick Leave (Continued)

Every fireman in the employ of a fire protection district shall be entitled to full pay during sickness or incapacity not brought about by his own negligence or culpable indiscretion for a period of not less than fifty-two weeks. A fireman employed by any fire protection district who draws full pay during sickness or incapacity shall have such pay decreased by the amount of workers' compensation benefits actually received by the employee. A fireman is entitled to sick leave benefits even though the injury or illness may have occurred while he was off duty. Firemen are not prohibited from engaging in part-time employment while receiving sick leave. A probationary fireman who is not a regular or permanent fireman is not entitled to sick leave benefits provided by the district. Sick leave does not accumulate for District employees accordingly there is no accrued sick leave as of December 31, 2001.

k) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the District.

l) Memorandum Only - Total Columns

The total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position or results of operations in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - DEPOSITS AND INVESTMENTS

District monies are held in an investment pool maintained by the Parish and are available for use by all funds. This pool is displayed on the combined balance sheet as "investments."

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			
	Category			
	1	2	3	Book Balance
Certificates of deposit	\$ -	\$ -	\$61,089	\$61,089

At December 31, 2001, certificates of deposit were not in excess of the FDIC insurance.

Investments:

State statutes authorize the District to invest in the U.S. Treasury, agencies and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements and the Louisiana Asset Management Pool.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name.

At year end, the amount of investments is as follows:

	<u>Risk Category</u>			<u>Reported Amount/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investment subject to categorization:				
Federal Home Loan Bank Notes	\$ -	\$ -	\$35,691	\$ 35,691
Federal Farm Credit Bank Notes	-	-	15,159	15,159
Federal National Mortgage Association Notes	<u>-</u>	<u>-</u>	<u>20,529</u>	<u>20,529</u>
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$71,379</u>	71,379
Investments not subject to categorization:				
Louisiana Asset Manage- ment Pool (LAMP)				<u>113,584</u>
Total investments				<u>\$184,963</u>

Investments in Louisiana Asset Management Pool are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost, which approximates market. Accordingly, the fair value of the District's position in LAMP is the same as the value of LAMP shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

A reconciliation of deposits and investments as shown on the Combined Balance Sheet for the District is as follows:

Reported amount of deposits	\$ 61,089
Reported amount of investments	<u>184,963</u>
Total	<u>\$246,052</u>
Investments	<u>\$246,052</u>

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for

Note 3 - PROPERTY TAXES (Continued)

the year ended December 31, 2001 was \$14.68 per \$1,000 of assessed valuation on property within Fire District No. 9 for the purpose of constructing, maintaining and operating fire protection facilities within the District and paying the cost of obtaining water for fire protection purposes. As indicated in Note 1c, taxes levied November 1, 2001 are for budgeted expenditures in 2002 and will be recognized as revenues in 2002.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2001 consisted of the following:

	<u>General Fund</u>
State of Louisiana - State revenue sharing	\$ 5,923
Terrebonne Parish Tax Collector - December, 2001	
Collections remitted to the District in January, 2002:	
Ad valorem taxes	170,675
State revenue sharing	<u>2,961</u>
 Total	 <u>\$179,559</u>

Note 5 - CHANGES IN FIXED ASSETS

A summary of changes in fixed assets follows:

	<u>Balance January 1, 2001</u>	<u>Add- itions</u>	<u>Dele- tions</u>	<u>Adjust- ments</u>	<u>Balance December 31, 2001</u>
Land, buildings and Improvements	\$ -	\$168,469	\$ -	\$ 118,364	\$ 286,833
Trucks and autos	-	-	-	518,911	518,911
Machinery and equipment	-	9,435	2,200	174,473	181,708
Office furniture, fixtures and equipment	-	5,178	4,742	21,445	21,881
Construction in progress	<u>-</u>	<u>261,861</u>	<u>168,469</u>	<u>168,154</u>	<u>261,546</u>
 Totals	 <u>\$ -</u>	 <u>\$444,943</u>	 <u>\$175,411</u>	 <u>\$1,001,347</u>	 <u>\$1,270,879</u>

Note 5 - CHANGES IN FIXED ASSETS (Continued)

Adjustments are due to a final accounting and allocation of fire district assets previously reported in the General Fixed Assets Account Group of the Parish.

Construction in progress relates to costs associated with the construction of a substation.

Note 6 - CAPITAL LEASE PAYABLE

In July 2001, the District entered into a lease agreement as lessee for financing \$100,000 of the construction costs for the fire sub station reported as construction in progress in Note 5. The lease agreement qualifies as a capital lease for accounting purposes and has been recorded at the present value of the future minimum lease payments as of the inception date.

The following is a summary of changes in long-term obligations of the District:

	Payable January 1, <u>2001</u>	Obligations <u>Incurred</u>	Payable December 31, <u>2001</u>
Capitalized lease	<u>\$ -</u>	<u>\$100,000</u>	<u>\$100,000</u>

The future minimum lease obligations and the net present value of these minimum lease payments at December 31, 2001 are as follows:

<u>Maturity</u>	<u>Capital Lease</u>
2002	\$ 13,782
2003	13,782
2004	13,782
2005	13,782
2006	13,782
2007-2011	<u>68,915</u>
Total minimum lease payments	137,825
Less: amount representing interest	<u>37,825</u>
Present value of minimum lease payments	<u>\$100,000</u>

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The District contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the District is required to contribute at an actuarially determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. The District's contributions to the System for the year ended December 31, 2001 was \$3,493, equal to the required contributions for the year.

Note 8 - SUPPLEMENTAL PAY

In addition to the compensation paid to the District's employees, firemen may be eligible to receive supplemental pay. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986, who has passed a certified firemen's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the District are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and for those employees who have not passed a certified firemen's training program but are hired after March 31, 1986. State supplemental pay for firefighters must be taken into account in calculating firefighters longevity pay, holiday pay and overtime pay. The period of service for computing additional compensation includes prior service of employees who

Note 8 - SUPPLEMENTAL PAY (Continued)

have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 2001, the District has recognized revenue and expenditures of \$5,040 in salary supplements that the State of Louisiana has paid directly to the District's employees.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for workers' compensation and group health insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for workers' compensation insurance are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described on the next page:

<u>Policy</u>	<u>Coverage Limits</u>
Workers' Compensation	Statutory

The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2000 was \$7,809,820. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$17,928 at December 31, 2000, then secondly by the District or the employee for individual claims in excess of \$1,000,000. Coverage for workers' compensation claim liabilities are to be funded first by assets of the Parish's workers' compensation internal service fund, \$1,431,079 at December 31, 2000, then secondly by the District. At December 31, 2001, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2001 totaled \$13,571.

Note 10 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2001:

<u>Board Member</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Charles Dusenbery	21	<u>\$630</u>

All other Board Members elected to serve without compensation for the year ended December 31, 2001.

Note 11 - RESIDUAL EQUITY TRANSFER

The residual equity transfer in represents the District's net assets over liabilities transferred by the Parish to the District as of the effective date (January 1, 2001) of the ratification of all legal actions taken by the five member governing authority prior to its creation.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL-
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Terrebonne Parish Fire District No. 9,
Houma, Louisiana.

We have audited the general-purpose financial statements of Terrebonne Parish Fire District No. 9 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2001, and have issued our report thereon dated May 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting

would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, La.,
May 20, 2002.

SCHEDULE OF FINDINGS

Terrebonne Parish Fire District No. 9

For the year ended December 31, 2001

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

b) Federal Awards

Terrebonne Parish Fire District No. 9 did not receive federal awards during the year ended December 31, 2001.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2001.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Fire District No. 9

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

2001 was the initial year that the District was reported as a component unit of the Parish.

Compliance

2001 was the initial year that the District was reported as a component unit of the Parish.

Section II Internal Control and Compliance Material to Federal Awards

2001 was the initial year that the District was reported as a component unit of the Parish.

Section III Management Letter

2001 was the initial year that the District was reported as a component unit of the Parish.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Fire District No. 9

For the year ended December 31, 2001

Section I Internal Control and Compliance Material to the General-Purpose Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2001.
No reportable conditions were reported during the audit for the year ended December 31, 2001.

Compliance

No compliance findings material to the general-purpose financial statements were noted during the audit for the year ended December 31, 2001.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Fire District No. 9 did not receive federal awards during the year ended December 31, 2001.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2001.